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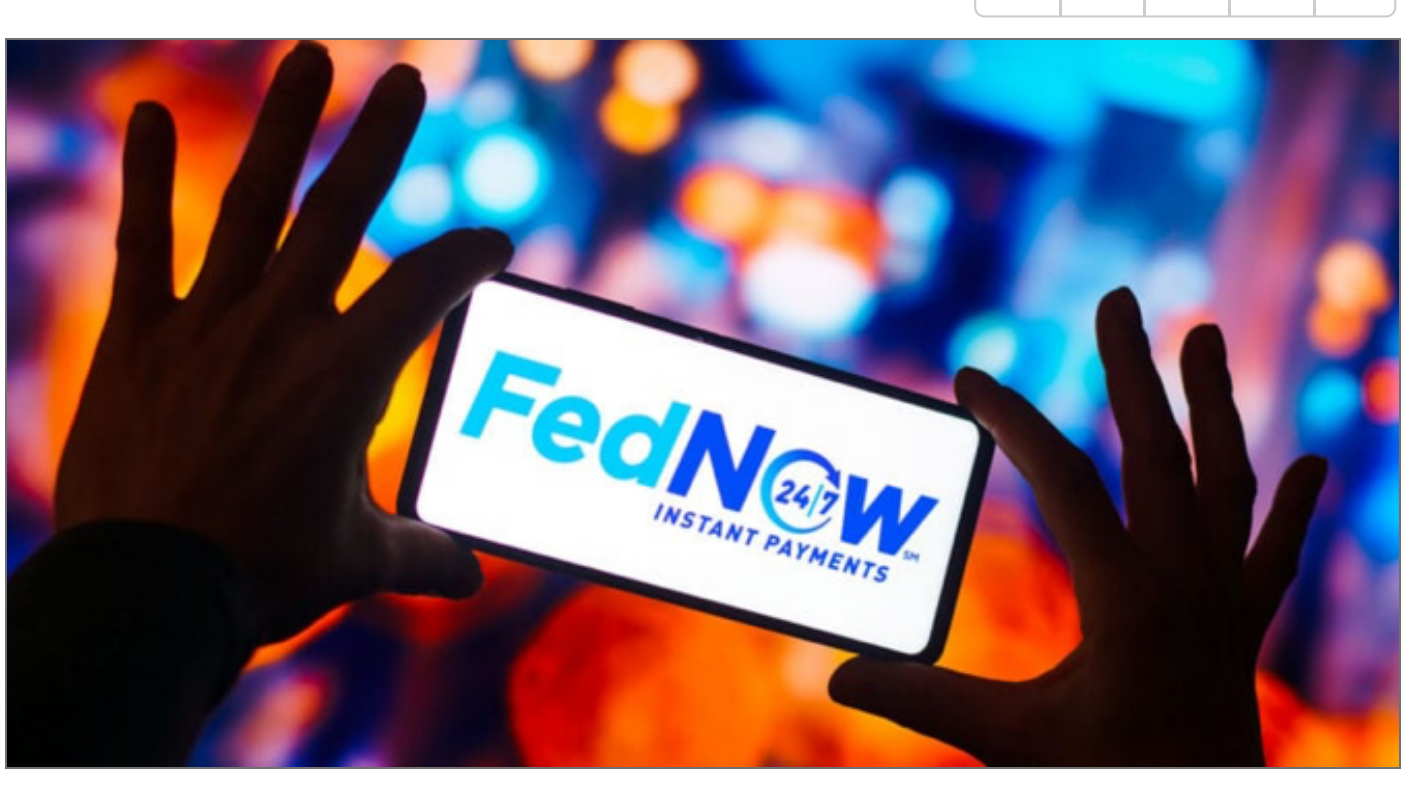
New Instant Digital Payments System Isn't a CBDC, Feds Say — But Critics Say It's Still About Control

The Federal Reserve pushed back against claims that its FedNow system is equivalent to a CBDC, but critics say the aim is the same: government control over the financial system.

By **Brenda Baletti, Ph.D.**

34



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The Federal Reserve wants everyone to know that its new FedNow instant digital payments system, which it plans to roll out in July, is not a central bank digital currency (CBDC).

"The FedNow Service is neither a form of currency nor a step toward eliminating any form of payment, including cash," the U.S. central banking system said in recently updated statement on its website.

Last week, the Cato Institute, Associated Press and Yahoo all followed with articles echoing the Fed's position — FedNow is "not a central banking digital currency," with the articles dedicated to "fact-checking" the assertion.

After reports about FedNow started circulating in November 2022, and after the Fed's March announcement that the system would launch this summer, bankers, crypto experts and people concerned with personal financial autonomylashed out, arguing that the system is a step toward a CBDC, or at least toward government control over the financial system.

A CBDC is a government-backed digital currency issued by a central bank — a purely digital form of money, promoted as a tool that could make transactions easy between individuals, companies and the state.

But such centrally controlled digital money is also programmable. It could be set to expire at a given time, or restricted to particular kinds of spending — and all transactions would be trackable by the federal government.

The FedNow digital payments system is not a currency, like a CBDC, but it does make instant and trackable digital payments possible.

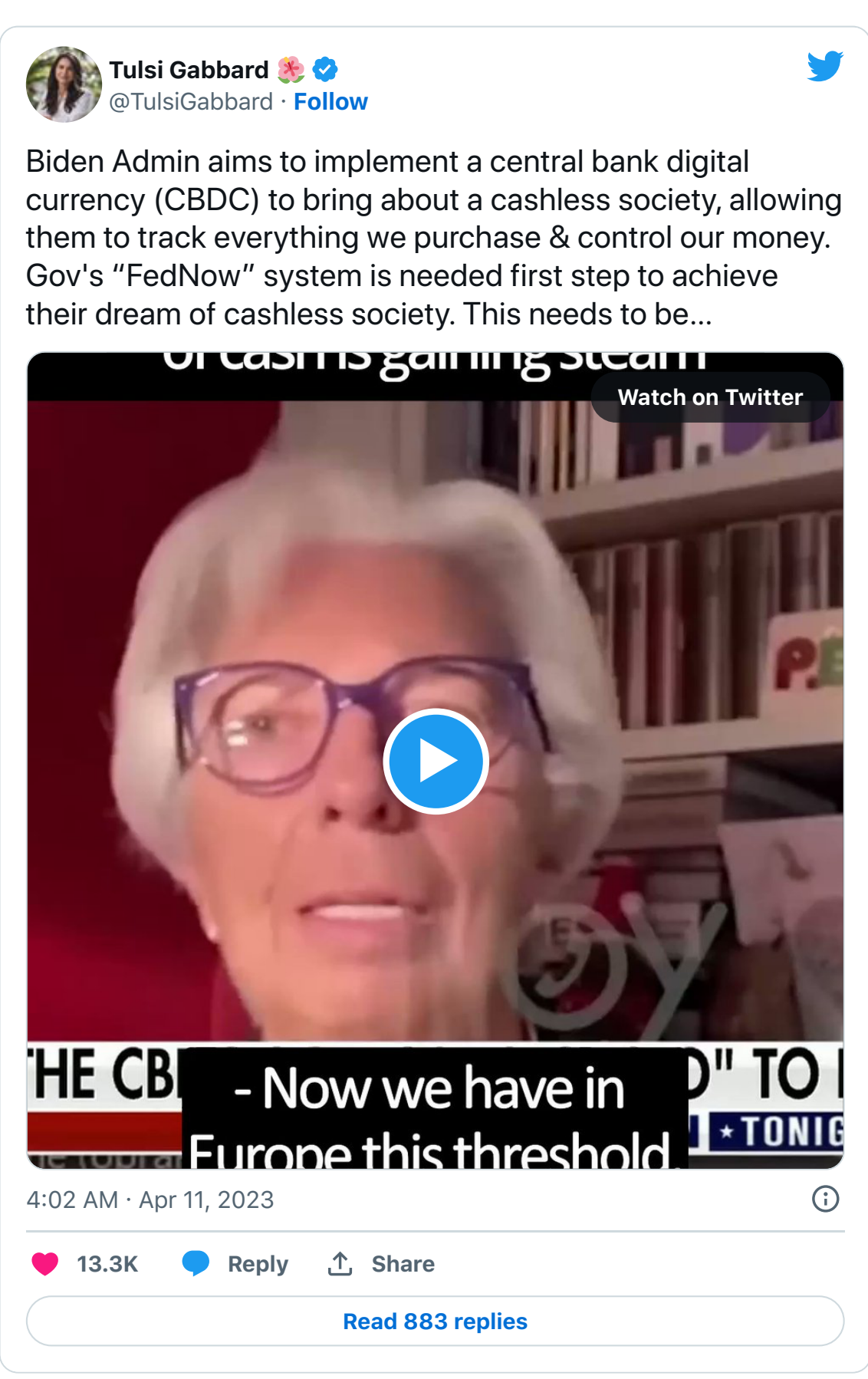
The Biden administration last March issued an executive order giving the "highest priority" to investigating a CBDC for the U.S.

Earlier this year, Fed Chair Jerome Powell told the House Financial Services Committee a decision on CBDCs hadn't been made. But, he said, "We'll have real-time payments in this country very, very soon."

Some have speculated that FedNow's ability to make real-time transactions is a way for the Fed to provide key benefits of a CBDC without actually creating one.

Fed Board of Governors member Michelle Bowman said so specifically last August: "FedNow addresses the issues that some have raised about the need for a CBDC."

Former Congresswoman Tulsi Gabbard last week tweeted:



Tulsi Gabbard
@TulsiGabbard · Follow

Biden Admin aims to implement a central bank digital currency (CBDC) to bring about a cashless society, allowing them to track everything we purchase & control our money. Gov's "FedNow" system is needed first step to achieve their dream of cashless society. This needs to be...

4:02 AM · Apr 11, 2023

13.3K Reply Share

Read 883 replies

The tweet included a video of Gabbard detailing her concerns about FedNow and CBDCs, in an interview with Tucker Carlson.

Gabbard said:

> "It's about them being able to keep track of everything we purchase, whether it is a stick of gum or an automobile or anything in-between. And so if they have all of this information and data, which they will in this system, then where does that lead?
>
> "It gives them the power to decide, 'Okay, well hey, we don't want to allow you to purchase certain things, or we may deem it necessary to freeze your overall account' …
>
> "[They say] 'This is for your own good, this is for your convenience, to make it easier for you to conduct transactions,' when in fact they are giving themselves all of the power, taking it away from us."

Gabbard's comments exemplify common concerns about CBDCs. In an interview with Del Bigtree on "The Highwire," Catherine Austin Fitts, founder and president of the Solari Report, said:

> "There is a huge push to continue to make sure to preserve cash, not just in the U.S. but in Europe because an all-digital system gives, ultimately, the people who control the central banks and the banking system an ability to literally turn on and off your money if you don't do exactly what they say, and exactly what they say includes taxation without representation, healthcare mandates and literally taking away your kids."

In response to the latest outcry, the Fed — and the media — rushed to quell fears. The Fed's update says that it "has not made a decision whether to issue a central bank digital currency" and would do so only if a law were passed.

But Balaji Srinivasan, former chief technology officer of the cryptocurrency exchange platform Coinbase, tweeted:

> "Fednow is central bank digital control, even if it's not technically central bank digital currency. …
>
> "People are immunized against the term 'central bank digital currency,' but not all forms of increased 'central bank digital control,' and FedNow is certainly the latter."

How FedNow empowers the Central Bank

FedNow is an electronic instant payment system that would allow banks and their users to send and receive instant electronic payments 24/7. It could supplant apps like Venmo or Cashapp, bank-based payment systems like RTP and Zelle, or cryptocurrencies.

It will "enable every participating financial institution, the smallest to the largest and from all corners of the country, to offer a modern instant payment solution," according to Ken Mongomery, FedNow program executive. It will be available "any time of day, any day of the year."

Rather than being programmable money, like a CBDC, FedNow is a "payment rail" — a platform or infrastructure through which instant payments can be made between payers and payees in dollars.

But the FedNow guide specifies that every payment that goes through the system will pass through a Fed-controlled server and must "comply with applicable controls," set by the Fed, Srinivasan said.

The roadmap for FedNow specifies it will offer payments between people, but also between people and the government, "which means automatic debiting from your account and automatic stimulus," Srinivasan said. "In other words, even more direct government control over your bank account."

That's concerning, he said, because "in July, that Fed will soon have the visibility and power to monkey with your bank account directly to freeze or drain your funds at will with 'applicable controls' and 'consumer to government' payments, rather than being impeded by the current antiquated banking tech stack."

There is a technical difference between a CBDC and FedNow, Srinivasan said.

"However," he wrote, "[FedNow] is what people *fear* when they talk about a CBDC. It's central bank digital control, even if it's not central bank digital currency. And it's a major step towards rolling out a full CBDC."

"So I agree that the distinction between FedNow and a CBDC is important from a technical standpoint, but not from a civil liberties standpoint," he wrote.

Fitts, who strongly advocates people use cash and a financial system that combines "healthy" analog and "healthy" digital technologies, told Bigtree the danger of a fully digital system "is that it can be centrally controlled."

She agreed the problem societies are facing is not a narrow, technical question of CBDCs. "The challenge for all of this is how are we going to absolutely prevent the central bankers from instituting complete financial controls," she said, adding:

> "Whether they do it through their payment systems, whether they do it through CBDCs … It's only a few steps until they have complete central control. So this is what needs to be prevented and it's going to take the citizens and the state legislators to help us do it."

Centralized control is a move toward 'complete and utter tyranny'

The Fed announced the launch of FedNow on March 11, in the midst of the banking crisis that took down Silicon Valley Bank, Signature Bank and Silvergate, which had some of the biggest stakes among banks in the nation in the cryptocurrency industry.

"It looked to me like a game of economic or political warfare, or both," Fitts told The Defender.

Many in the world of crypto argue these banks were taken down because of their cryptocurrency holdings — because cryptocurrency offers an alternative to a centrally controlled system.

Some experts observed that the banks that failed played a key role in providing cryptocurrency transactions that could compete with the Fed's proposed payments system.

Signature bank's Signet network and Silvergate's SEN (Silvergate Exhange Network) allowed cryptocurrency firmsto settle payments 24/7/365.

"That's kind of a CBDC, but being run privately, and so if you are going to actually try to roll out a CBDC run by the Fed, you can't have a functioning competitor that's not in their control," financial analyst and creator of Liberty Blitzkrieg, Michael Krieger, told investigative journalist Whitney Webb in an interview on her Unlimited Hangout podcast.

Closing those banks also hurt cryptocurrency in other ways. Because blockchain runs all of the time, relying on legacy banks that are not open on weekends, this causes liquidity problems for cryptocurrency, Nick Carter, cryptocurrency expert wrote on his Substack, Pirate Wires.

Carter detailed how the takedown of these banks fits into a broader program by the Biden administration, the Fed and big banks to dismantle the crypto industry that offers an alternative to the banking industry they control.

In two posts on Pirate Wires, Carter outlined how the administration strong-armed banks into closing their doors to crypto firms over the last several months — or in the case of SVB, Signature and Silvergate, closing the banks that serviced crypto — risking the stability of the global economy in the process.

Former U.S. Rep. Barney Frank shared this hypothesis. So did the Wall Street Journal's editorial board, which wrote two op-eds arguing that the bank closures were motivated by regulators' hostility toward crypto.

The outcome, he wrote, is that bankers that service crypto clients are in an atmosphere of "abject terror," worried they easily could be shut down or seized.

"Most worryingly, the takedowns of Silvergate and Signature represent a rank lawlessness associated with authoritarian regimes," he said, adding, "In a lawful society, solvent banks are not seized by the government simply because their clientele is politically disfavored"

Fitts said there is a broader issue at stake in the current banking crisis.

"We have a society that is destroying wealth rather than building it and it is destroying productivity," she said. "In the process it is centralizing control and it is moving to complete and utter tyranny."

"If we refuse to comply now and we fight for financial transaction freedom now, if we work with our state legislators to fight for financial transaction freedom now, whatever happens, it's better than what happens if we go along," she said.

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Brenda Baletti, Ph.D.

Brenda Baletti Ph.D. is a reporter for The Defender. She wrote and taught about capitalism and politics for 10 years in the writing program at Duke University. She holds a Ph.D. in human geography from the University of North Carolina at Chapel Hill and a master's from the University of Texas at Austin.

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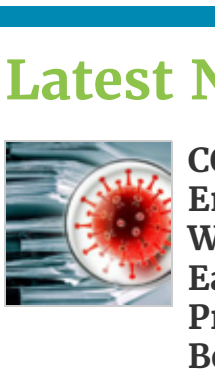
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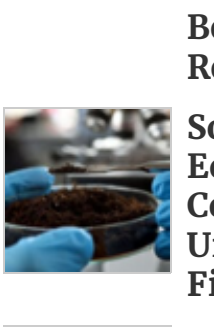
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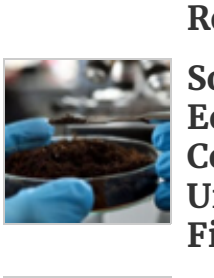
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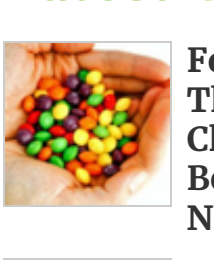
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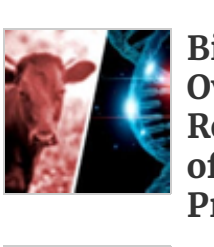
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♡ 1 • Share Best Newest Oldest

chris
a day ago
when for heavens sake the real Americans will finally at least impeach the criminal, who already damaged this country to a level where slowly no return can be made???
13 0 Reply • Share ›

> **Voyt Regnal** → chris
> 20 hours ago
> Most people unfortunately have no idea. They are being cooked like frog in the water and temperature is rising 1 degree/year. Before they realize, they are COOKED.
> 10 0 Reply • Share ›
>
> **LinUK** → chris
> 18 hours ago
> It's not just America, it's the world.
> 8 0 Reply • Share ›

Kathey Osenbau
a day ago edited
The same government that lied to us repeatedly about Covid, now wants us to trust them when they say that FedNow is not a CBDC? The same government that lied to us over and over and over again that the Covid19 "vaccine", which is NOT a vaccine but rather a bioweapon, was "safe and effective" now wants us to trust them that the FedNow program is NOT a CBDC? The same government that suddenly withdrew from Afghanistan and lied to us repeatedly that they weren't leaving our fellow Americans behind now wants us to trust them about FedNow? I could go on and on and on about all of the lies that the Biden Administration has told us. As for me, nope...no can do. I don't trust this government one iota when they say ANYTHING! Whenever they do say something, immediately think the opposite because there you will find a kernel of truth. In other words, when the government tells you that FedNow is NOT a CBDC, they actually mean that the FedNow program IS indeed a CBDC!!! And we need to run away from it as fast as possible!!!
10 0 Reply • Share ›

LinUK
18 hours ago
Why can't people see the bigger picture? EVERYTHING that's happened over the past 3 years has been planned for decades if not centuries.
They know they can't force billions of people to do what they want, it all has to be presented in a way that makes them submit willingly. It's "convenient" "safer" "woke". Until one day they realise they voluntarily walked into a prison and there's no escape.
8 0 Reply • Share ›

Ricky Ricardo
20 hours ago edited
Evil by any other name; is still evil! The Bank of Canada says it will leave the decision up to Parliament. That's because they know that TURDeau is WEF and will push it through - without hesitation! Don't forget; he already froze Canadians' bank accounts!
https://www.ledgerinsights....
6 0 Reply • Share ›

MICHAEL
a day ago edited
TODAY WITHOUT ANY OTHER SYSTEMS IN PLACE...
- I CAN TRANSFER FUNDS FROM ONE BANK TO ANOTHER WORLDWIDE INSTANTLY VIA SWIFT OR DTC
- I CAN TRANSFER FUNDS FROM ONE U.S. BANK TO ANOTHER INSTANTLY VIA FEDWIRE OR INTERBANK
- I CAN PAY A PERSON WHO HAS A BANK ACCOUNT VIA ZELLE, VENMO, AND OTHERS INSTANTLY

SO WHAT IS IT I NEED OR THE BANKS NEED FOR TRANSFER OF FUNDS THAT THEY DON'T HAVE?

LOOKS TO ME THIS IS SIMPLY A MOVE AIMED AT GETTING RID OF CRYPTO.
5 0 Reply • Share ›

PXXAT5
a day ago
They will track every dollar you spend through this system, down to the penny...at the end of the year you will get a prefilled Tax form, with what you earned , you spent and what you owe them...which they will take from your bank account automatically.
4 0 Reply • Share ›

> **Beatrice** → PXXAT5
> 6 hours ago
> Yes, this is mainly for tracking our every penny. However, they are already tracking every one of your purchases AND they use social media photos to inventory your assets, your lifestyle habits, what foods and drink you consume and more. Remember those chips that they added to everyone's card that was supposed to prevent fraud? I knew it was a farce. A chip isn't going to prevent fraud!! The danger of using this new Fed system is that they will control what you purchase. What if they don't want you to purchase beef, alcohol, chips, etc... They can block purchases.
>
> Another level of surveillance is being sold exclusively to the police that provides this information as well. I think it's called Fog Data Science. They keep maps of your every move day to day...or rather your devices like phone, auto and any other device registered to your name. Do you ever see the police sitting in your neighborhood appearing to be monitoring? They are probably gathering IP info and checking data files associated with each address.
>
> And beware of programs and websites that are asking you to confirm your identity (in recent weeks). They want you to believe this is for security but it's really just a confirmation to them that you are who you are so that they can create a profile associated with certain activities and by agreeing to this confirmation, you are agreeing to them surveilling you. I can promise you, it's in the tiny print no one reads.
> 0 0 Reply • Share ›

Vincent
a day ago
It is stated that FedNow "could supplant apps like Venmo or Cashapp, bank-based payment systems like RTP and Zelle, or cryptocurrencies."
On the other hand, these methods of payment will still be available. So why not continue to use them? Is there a thought expressed in this article that payments will only be possible through FedNow? I don't think so.
4 0 Reply • Share ›

> **MICHAEL** → Vincent
> a day ago
> THEIR TYPICAL STRATEGY IS VOLUNTARY FIRST...MOVE EVERYONE OVER WHO DOESN'T SEE THE LIGHT....THEN FREEZE OUT THE REST...FINALLY MANDATE IT FOR THE FINAL FEW...TAKE IT AWAY LIKE CRYPTO AND LIVE WITH THE COMPLAINTS.
> 4 0 Reply • Share ›
>
> **BoredHousewife** → Vincent
> 11 hours ago
> Just like the covid vaccine was voluntary.....
> 2 0 Reply • Share ›

Sharon Sweet
a day ago
If people don't wake up NOW, there is no hope!
4 0 Reply • Share ›

> **Beatrice** → Sharon Sweet
> 6 hours ago
> We have to do more than wake up. I am extremely angry that I must comply with microsoft forced updates. So, I'm going to write my local legislators about this. I don't even know what MS is putting on my computer.
> 0 0 Reply • Share ›

SYakoban
a day ago
This is a placeholder for the fed on the slippery CBDC slope.

Tulsi always says the most perfect things and has a big presence in the last 6 months. I think that's more than coincidence and do not trust her any more than I trust musk. I don't trust him.
6 1 Reply • Share ›

Heisenberg
21 hours ago
Just like their trial run of vaccine passports. You didn't think they were done with that, did you?
2 0 Reply • Share ›

talltreetrader
a day ago
Folks: the CBDC is just more government by the government! What happened to a Government by the People? The Government never does anything for the good of the people, it is always for the Government's benefit.
2 0 Reply • Share ›

Ektor57
a day ago
Call it anything you want but it's what it does that matters. Like vaccines, the definitions change every day. It's all BS.
2 0 Reply • Share ›

George Chyz
a day ago
Unfortunately this article fails to mention a very important point, the Federal Reserve Bank (Fed) is not a US government entity, but rather it's a privately owned corporation. In fact, all but three central banks in the entire world are also private. Most are owned by the Bank for International Settlements (BIS) which is in turn owned by 5 globalist families who are about to make their final checkmate move to enslave humanity.

The three countries that have maintained control of their monetary systems are: Iran, North Korea and Cuba. On the other hand, China, Russia, the USA and all of the remaining countries including the European Union have privately owned Central Banks.

Meyer Amschel Rothschild (1744-1812) who founded the international banking house of Rothschild which dominates the financial policies of practically every country in the world, said: *"Permit me to issue and control the money of a nation, and I care not who makes its laws."*

CBDC's are the final move to enslave the world! FedNow is a step closer to global technocratic control.

Some people are already accepting a chip inserted under the skin in their hand as discussed here: https://www.npr.org/2018/10...

When the chip system is linked to each person's CBDC wallet that will fulfill the mark of the beast prophecy from the Book of Revelation, chapter 13 versus 16-17: *"Also it causes all, both small and great, both rich and poor, both free and slave, to be marked on the right hand or the forehead, so that no one can buy or sell unless he has the mark, that is, the name of the beast or the number of its name."*
2 0 Reply • Share ›

> **John Stone** Mod → George Chyz
> 19 hours ago
> I doubt whether the attribution of the alleged statement of Meyer Amschel Rothschild is historical.
> 1 0 Reply • Share ›
>
> > **sfrobink** → John Stone
> > 19 hours ago
> > Well, it's certainly been repeated enough that it is historical.
> > 2 0 Reply • Share ›
> >
> > **George Chyz** → John Stone
> > 17 hours ago
> > You may be correct. It's quoted by many but that's not proof. Regardless of the author of that statement, it's true. Private central banks manufacture money using a double entry trick as part of making a loan. That trick gives them the ability to make as much money as they choose to. Although it's called fractional reserve banking, the reserver rate for corporate loans is zero percent which allows for infinite corporate loans. Since the US government is incorporated, loans from the PRIVATE Federal Reserve Bank to the US government have no reserve requirements. This places essentially infinite power in the hands of those who own the Fed.
> > 0 0 Reply • Share ›
>
> **Doug Ericson** → George Chyz
> 9 hours ago
> If you are working for, and spending fiat currency...you are already a slave.
> 0 0 Reply • Share ›

kibitzer3
17 hours ago edited
Well presented; thanks, Brenda, and CHD.

I am struck by how all this is working out. The Bad Guys push their totalitarian CBDC, but that opens the door- in a sort of To Each Action There Is An Equal And Opposite Reaction 'Law of physics' way - for a benign version of the same technological thing: a benefit to humanity. And this, at the same time that more and more countries are going to gold & precious metals and asset-backed currencies, thus undercutting the U.S. fiat-money, non-backed dollar. Which on the surface of it would seem to be harmful to the U.S. But in the long run, is a benefit to humanity as a whole.

We seem to 'getting there,' in a sort of Hegelian dialectic way. The long-term prognosis? The Good Guys win the day. Thus fulfilling our highest potential, as 'spiritual beings having a human experience'.
1 0 Reply • Share ›

Carol C
5 hours ago
Hopefully the majority will resist. These idiots can't balance a budget and they just want to steal every single thing we own including property. Screw them. I will not comply!
0 0 Reply • Share ›

sfrobink
19 hours ago
CA is going full speed ahead with setting up CBDC! In the April 11 hearing for SB95, the author, Sen Roth (D31) outright stated that this bill amending the CA Commercial Code to make electronic money transactions easier is a step toward CBDC. All callers were opposed and the site says 34 communications were opposed. Yet a majority of the Senate Judiciary Committee passed it on the state senate for a vote. We know everyone is opposed to this - I saw an aol poll recently and comments were running 99% opposed. We're being steamrolled. What can we do???
0 0 Reply • Share ›

suzanne romero
20 hours ago
now we know the reason for all the unaddressed crime in the country like San Francisco they want you to think that some crazy homeless criminal killed the creater of cash app when in was probably the creaters of fednow
0 0 Reply • Share ›

> **sfrobink** → suzanne romero
> 19 hours ago
> People have discussed that angle, but it looks like a bad relationship situation occurred. Bob visited a married woman at 12:30 am after the brother of the woman had laid into him earlier to leave his sister alone. I think Bob Lee made a mistake in going back to see her after he knew the brother was furious at him. The brother and sister are Iranian. I think the Iranian brother may have thought he was defending his sister's or his family's honor in not allowing Bob to have any kind of relationship with his married sister. It's all very sad. The Iranian brother, Nima, gave up his luxurious life when he killed Bob, trading his $700,000 live/work space for a jail cell.
> 0 0 Reply • Share ›

suzanne romero
20 hours ago
didnt the creater of cash app just get murderd in san fran
0 0 Reply • Share ›

Vincent
a day ago
Ironically, every dollar you spend via credit card purchases records the date, amount and counterparty to the transaction. All this information is and has been available to the processing banks for years. Also available to the federal government on request. So what's new here?

👍 0 👎 0 Reply • Share ›

sfrobink ↪ Vincent
19 hours ago

What's new is that cash payments are not tracked.

👍 1 👎 0 Reply • Share ›

Dawn Anewday
a day ago

This will only be a problem for tax cheats and people without internet service and/or cell phones. We are almost digital already. Now if they will give the medical cannabis people the right to have bank accounts, the transition will be complete.

👍 0 👎 0 Reply • Share ›

sfrobink ↪ Dawn Anewday
19 hours ago

No, it's going to be a problem for everyone when they can control everyone's money!

👍 2 👎 0 Reply • Share ›

Lloyd Hart
a day ago

Electronic Jim Crow Ballot Boxes!
Electronic Jim Crow Currency!
Electronic Jim Crow Police State!
The American oligarchy are building an Electronic Jim Crow fascist regime and an Electronic Jim Crow dystopia state! https://lloydhart.substack....

👍 0 👎 0 Reply • Share ›

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